

Minutes of the Suffolk Pension Board Meeting held on Wednesday 20 March 2024 at 11:00 am in the Rose Mead Room, Endeavour House, Ipswich.

Present: Pauline Bacon (Vice Chair) (representing the Unions), Richard Blackwell (representing Pensioners), Ian Blofield (representing all Borough, District, Town and Parish Councils), and Kay Davidson (representing Active Members).

Also present: Tracey Woods (Strategic Finance Lead).

Supporting officers present: Rebekah Butcher (Democratic Services Officer), Paul Finbow (Head of Pensions), Stuart Potter (Pensions Operations Manager) and Sharon Tan (Lead Accountant, Pensions).

Opening Comments

The Vice Chair announced Paul Finbow's departure from Suffolk County Council as Head of Pensions, marking the culmination of his nearly 44 years of service with Suffolk County Council. Starting in 1980, he progressed through various departments, eventually becoming Head of Pensions in April 2014. Under his leadership, the Fund's value grew from £1.885 billion to £4.175 billion. Paul played a pivotal role in establishing the Pension Board in 2015 and implementing significant administrative improvements, including member self-service and an integrated payroll system. He also navigated the Fund through the pooling process, chaired the Officer Working Group, and supported the team during the transition to remote work amid the Coronavirus pandemic. Paul's dedication would leave a lasting impact on the Pension Fund, and he was wished well in his retirement by all members.

31. Apologies for Absence

Apologies for absence were received from Councillor Richard Rout (Chairman) (representing Suffolk County Council) and Thomas Jarrett (representing all other employers in the Fund).

32. Declarations of Interest and Dispensations

Richard Blackwell declared an interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, Ian Blofield, and Kay Davidson declared an interest by virtue of the fact they were active members of the pension scheme.

33. Minutes of the Previous Meeting

The minutes of the meeting held on 6 December 2023 were confirmed as a correct record and signed by the Vice Chair.

34. Pensions Administration Performance

At Agenda Item 4, the Board received a report which provided an update on the performance of the Pensions Administration Team. The report also included details of compliments and complaints received by the Administration team and details on the timeliness of contribution payments from employers in the Fund.

The report was introduced by the Pensions Operations Manager, and the Lead Accountant (Pensions). Members had the opportunity to ask questions.

Decision: The Board noted the report.

Reason for decision: The Board was interested in being provided with regular updates on the performance of the Pensions Administration Team including updates on statutory requirements and Service Level Agreements.

A member raised concerns about Schools Choice's usage of the payroll system and potential restrictions on the iConnect report. The Head of Pensions clarified that there were no restrictions but noted a lack of progress in providing a working iConnect file. He emphasised the importance of Schools Choice and all other employers adopting iConnect to streamline processes, highlighting its inclusion in the upcoming business plan being submitted to the Pension Fund Committee and the aspiration to have all employers on iConnect by March 2025 (the triennial valuation).

There was an acknowledgment of backlog tasks, with the Head of Pensions explaining efforts to tackle it since February 2020. While progress had been made, members were informed it had not met initial expectations due to staff changes. The Vice Chair offered a positive perspective on the progress made, despite the backlog not being fully cleared.

The Lead Accountant (Pensions) also discussed using the iConnect system for contribution reconciliation, citing its benefits in streamlining processes for both staff and employers. She announced plans to transition to using iConnect reports for reconciliation from April 2024 onwards, allowing a transition period of three months for employers.

A member also enquired whether the use of iConnect would enhance information available through self-service for members. The Head of Pensions confirmed this, stating that once employers send monthly data for employees, it would be loaded into Altair, making it immediately available for members.

Alternative options: There were none considered.

Declarations of interest: Richard Blackwell declared an interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, Ian Blofield, and Kay Davidson declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

35. McCloud Implementation

At Agenda Item 5, the Board received a report which provided an update on the administration progress on the McCloud project following the new legislation that came into force on 1 October 2023.

The report was introduced by the Pensions Operations Manager, and members had an opportunity to ask questions.

Decision: The Board noted the report.

Reason for decision: The Board requested a separate paper detailing the Pensions Team's progress in the administration of the McCloud legislation.

Alternative options: There were none considered.

Declarations of interest: Richard Blackwell declared an interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, Ian Blofield, and Kay Davidson declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

36. Additional Voluntary Contribution Provider Progress

The Board received a report at Agenda Item 6 which provided an update on the progress that the Pension Fund officers had made on implementing Legal & General as the Fund's Additional Voluntary Contributions (AVC) provider.

The report was introduced by the Lead Accountant (Pensions), and members had an opportunity to ask questions.

Decision: The Board noted the progress on setting up Legal & General as the AVC provider for the Fund.

The Board requested the new AVC offering be advertised in the next member newsletter.

Reason for decision: The Pension Board represented active members in the LGPS.

A member raised concerns about not receiving an AVC letter. The Lead Accountant (Pensions) explained that the list of members with an AVC came from the Altair system. She took an action to investigate whether the list was complete for East Suffolk Council as a similar issue was noted with the list produced for West Suffolk Council.

Members also discussed the process where individuals would be automatically enrolled with Legal and General. The Lead Accountant (Pensions) explained that this approach helped secure better deals due to higher participation rates. A member emphasised the importance of clarity for scheme members, noting that many people tended to ignore such notices. The Head of Pensions elaborated on the two-letter system which was designed to give individuals ample opportunity to opt out. Members noted only one out of 200 letters was sent to an unknown address.

A member also asked a question about monitoring Legal and General's performance regarding communication and member satisfaction. The Lead Accountant (Pensions) explained past challenges with promoting AVC schemes due to closed funds and uncooperative companies. With Legal and General, there was a named contact and so the Fund was in a better position to market it. It was noted that officers intended to monitor and potentially review the service every few years. The Head of Pensions highlighted the differences with Legal

and General's offering, praising its user-friendly online system compared to previous providers.

Alternative options: There were none considered.

Declarations of interest: Richard Blackwell declared an interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, Ian Blofield, and Kay Davidson declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

37. ACCESS Pool update

At Agenda Item 7, the Board received a verbal update from the Head of Pensions on the recent developments within the ACCESS pool.

The Board was informed that two Board members had the opportunity to observe the Joint Committee meeting held on 4 March. Whilst both members attended virtually, they struggled to hear and it was noted that one had to leave due to the sound issues, whereas the other member stayed for the entire session. It was also noted that other attendees also experienced difficulty hearing, and this feedback would be conveyed to the administering authority of the Joint Committee.

Members were also informed that ACCESS had requested feedback on the current arrangements for Board members to attend meetings on a rotation basis as they had been in place for a year.

At the March Joint Committee meeting, the third-party review and the Government's response to pooling were significant agenda items. Prior to the meeting, there was a scheduled training session for all Joint Committee members lasting an hour and a half. The purpose was to gain an understanding of the third-party review and its alignment with government proposals. However, they did not complete the session and as a result, they postponed the decisions until June and a second training session was planned for April.

The Board was informed a new communications provider for ACCESS had been appointed – Tavistock. Also, the tender documentation for the procurement of a new Operator for ACCESS would be published very soon which would trigger a set of activities to make a decision by September 2024, with the Operator taking over the contract in March 2025.

Members were also informed that since the Boards previous meeting, the Government had announced its Budget which saw a further push for local government pension schemes to invest in UK equity. It was noted that the Government first mooted this in 2016, when it requested funds to invest 10% in UK infrastructure – this eventually was altered to a suggestion. However, since then, further directives had been made by the Government, including investment of 5% in levelling up activities, 10% into private equity, and also investing in children's homes. Should guidance be updated to reflect these requests, and if funds did not implement them, they would be required to explain why not in their investment strategy statements. The Government announced that it would require the LGPS to report on the levels of UK equity investing, with an expectation that this would increase over time.

Members also heard that the Suffolk Pension Fund Committee would be considering its Asset Allocation Review at its meeting on 28 March and one of the proposals was whether the Fund should reduce its current allocation to UK equity. This was driven by several things but mainly around the level of oil and gas stocks that the Fund still held. Members heard that if investing in the UK, Shell and BP took up 11-12% of the FTSE 100, and so if investment was made in the UK, then it was very likely there would be investments in oil and gas. It was noted the Suffolk Pension Fund was a global investor. Members also heard that investing in the UK market did not guarantee actual investment within the country, as many companies listed on the UK stock market, like Shell, BP, and the mining company Rio Tinto, were international entities operating globally. Similarly, investing in U.S. stocks did not solely mean revenue generation from the U.S. An example was ARM Holdings, a UK-listed company that moved to the U.S. market for better share prices and interest. Therefore, it was considered that Government efforts to encourage investment in the UK might have limitations and could be flawed.

Members expressed frustration at the suggestions being brought forward by the Government and asked questions in relation to whether the Government would underwrite investments should anything go wrong, and whether these types of restrictions were being placed on private pension companies.

Decision: The Board noted the update.

Reason for decision: The Board was interested in being kept up to date with the progress of the ACCESS pool.

Alternative options: There were none considered.

Declarations of interest: Richard Blackwell declared an interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, Ian Blofield, and Kay Davidson declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

38. Management Expenses

At Agenda Item 8, the Board received a report which set out the proposed management expenses for the Pension Fund as presented to the Pension Fund Committee at its meeting on 29 February 2024.

The report was introduced by the Lead Accountant (Pensions), and members had an opportunity to ask questions.

Decision: The Board noted the report.

Reason for decision: The Board noted that costs incurred by the Pension Fund in managing the Fund were related to administration, investment management and governance costs. Some of the costs were incurred by Suffolk County Council as administering authority of the Pension Fund.

The Pension Board was required to ensure effective and efficient governance of the Suffolk Pension Fund.

A member expressed satisfaction with the service's establishment of strong knowledge amongst the staff, noting consistent levels and effective management of personnel changes during staff turnover.

Alternative options: There were none considered.

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Dispensations: There were none granted.

39. Risk Register

The Board received a report at Agenda Item 9 which set out the Risk Register for the Pension Board and how the risk control measures had been implemented against the risks.

The report was introduced by the Lead Accountant (Pensions), and members had an opportunity to ask questions.

Decision: The Board:

- a) reviewed the implementation of the risk control measures; and
- b) reviewed and approved the Pension Board Risk Register with the addition of a newly identified risk which highlighted the Board's apprehension regarding Government intervention in dictating investment markets, which could potentially impact employers within the Fund.

Reason for decision: The Board recognised that risk management was a key responsibility of those charged with Pension Fund governance with a duty to identify the range of risks that could affect the long-term sustainability of the Fund.

The effective management of risk was also an area which was covered within the CIPFA Knowledge and Skills framework which recognised the importance of having an understanding of the risks that could have an impact on the Pension Fund and what steps could be taken to mitigate such risks.

Members voiced apprehensions regarding Government intervention instructing the LGPS to allocate investments in specific sectors such as UK private equity and levelling up initiatives. Concerns were raised about potential negative impacts on investments, possibly leaving employers to fill the resulting gaps. Additionally, it was noted that if all LGPS funds were compelled to invest according to these directives, it could artificially inflate prices, leading to overvaluation of assets. The Lead Accountant (Pensions) took an action to include a risk related to this.

Alternative options: There were none considered.

Declarations of interest: Richard Blackwell declared an interest by virtue of the fact he was in receipt of a local government pension.

Pauline Bacon, Ian Blofield, and Kay Davidson declared an interest by virtue of the fact they were active members of the pension scheme.

Dispensations: There were none granted.

40. Information Bulletin

The Board noted the Information Bulletin at Agenda Item 10.

41. Forward Work Programme

The Board received a copy of its Forward Work Programme at Agenda Item 11.

Decision: The Board approved its Forward Work Programme as published.

Reason for decision: The Board regularly reviewed items appearing on the Forward Work Programme and was satisfied that its current work programme was appropriate.

It was mentioned that Board members would receive invitations to upcoming training sessions of the Pension Fund Committee. Should members prefer to attend remotely, they were encouraged to inform the Democratic Services Officer in advance, enabling arrangements to be made accordingly.

The meeting closed at 12:55 pm.

Chairman